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## ENCOURAGEMENT TO INDUSTRY BY EXEMPTION FROM TAXATION.

For many years we have stimulated industry by a high protective tariff. The people of the West and South, unable to apply protection against the older States, have offered other inducements to manufacturers to establish themselves. Not many years ago a number of these States were giving bounties to encourage the production of beet sugar. These laws have been either repealed or declared unconstitutional. But a common inducement held out to manufacturers at the present time is exemption from taxation; and a memorandum showing the extent to which this method is practised may be of interest to students of economics.

The only Eastern States with any such legislation are New Hampshire, Rhode Island, and Vermont. In Tennessee and Florida constitutional amendments empowering municipal corporations to exempt new manufacturing enterprises from taxation for ten and fifteen years, respectively, were defeated at the election in November, 1904. In California, also, a constitutional amendment exempting from taxation ships or shipping engaged in foreign or domestic navigation or fisheries was rejected at the last election. Following is a list of the States exempting certain new enterprises from taxation, with a brief summary of the nature of the legislation.

*Alabama.* Cotton and woollen manufacturers, five years. Laws of 1893, chapter 383.

Manufacturers with \$50,000 invested, ten years. Laws of 1897, chapter 378.

*Arizona.* \$300,000 beet sugar plant, nine years. Revised Statutes, 1901, §§ 4062-4067.

Canaigre manufacturers, ten years. Laws of 1895, chapter 77.

Irrigating canals and reservoirs, fifteen years. Laws of 1899, chapter 15.

Railroads, ten years. Laws of 1899, chapter 68.

Water storage for generating electricity, nine years. Laws of 1903, chapter 27.

*California.* Fruit and nut trees and grapevines, four and three years respectively. Constitution, article 13, § 12 $\frac{3}{4}$ , amendment adopted November 6, 1894.

*Idaho.* Mining claims not patented, irrigation ditches, and water rights, if water is not sold or rented, no time limit. Laws of 1903, p. 73.

*Kentucky.* General assembly may authorize cities to exempt manufacturing enterprises for five years. Constitution of 1891, § 170.

*Louisiana.* (Exemption from parochial and municipal taxation.) Capital, machinery, and property employed in mining and in the following manufacturing enterprises: textile fabrics, yarns, rope, cordage, leather, shoes, harness, saddlery, hats, clothings, flour, machinery, articles of tin, copper, and sheet iron, agricultural implements, furniture and other articles of wood, marble or stone, soap, stationery, ink, and paper, boat-building, fertilizers and chemicals, providing five hands are employed in each factory, ten years from January 1, 1900. Constitution of 1898, § 230.

Exempt from all taxation. Railroads begun after May 12, 1898, and completed before January 1, 1904, if not aided by local divisions, ten years from completion. Constitution of 1898, § 230.

*Mississippi.* Manufacturing enterprises, ten years. Laws of 1896, chapter 54.

Manufacturing enterprises, five years. Laws of 1900, chapter 48. See also Constitution of 1890, article 7, §§ 182, 192.

*New Mexico.* Manufacturing enterprises, six years. Laws of 1897, chapter 24.

Tanning factories, six years. Laws of 1899, chapter 15.

*New Hampshire.* Manufacturing enterprises may be

exempted for ten years by vote of town. Public Statutes, 1901, p. 204, § 11.

*Oklahoma.* Cotton manufacturers, ten years. Laws of 1899, chapter 18.

*Rhode Island.* Manufacturing property may be exempted for ten years by vote of city or town. Laws of 1892, chapter 1088.

*South Carolina.* By vote of city or town manufacturing enterprises may be exempted for five years from all but school taxes. Constitution of 1895, article 8, § 8.

*Utah.* Portland cement manufacturers, five years. Laws of 1890, chapter 18.

*Vermont.* Manufacturing enterprises, mines, and quarries may be exempted for ten years by vote of town. Laws of 1898, chapter 14.

*Wisconsin.* Zinc manufacturers, three years.

Beet sugar factories, five years from April 2, 1897 (obsolete). Revised Statutes, 1898, § 1038.

*Wyoming.* Beet sugar factories, ten years. Revised Statutes, 1899, § 1762.

JOHN BURTON PHILLIPS.

UNIVERSITY OF COLORADO,  
BOULDER, COLORADO.